



MEMORANDUM

TO: City Council

FROM: L. Kimball Payne, III, City Manager

DATE: January 24, 2002

SUBJ: Lynchburg Police Department Pay Adjustments

This item before Council is in two parts, one public and one that I ask be held in confidence as it relates to pay adjustment proposals for individual police officers. The Chief of Police's memo to me dated December 11, 2001 and this memo to Council can be shared publicly. I ask that the attached spreadsheet that includes information on and possible pay adjustments for individual officers be kept confidential until final decisions are made. I have discussed this with the City Attorney and he has verified that I may do this under the exemption for personnel matters contained in the Freedom of Information Act.

Some members of Council are aware of the issue raised by some Police Officer III's regarding a change in policy governing pay increases upon promotion from Police Officer II (POII) to Police Officer III (POIII). Prior to July 2000, upon promotion from POII to POIII, the officer was awarded a 5% increase in base pay. In July of 2000 the increase was changed to 10%. This was consistent with overall City policy regarding promotion. This change in policy raised concerns from POIII's who had only received 5% when promoted in past years.

In response to the concerns, the Police Department administration conducted a study of salaries across the organization. That study uncovered a number of anomalies that had arisen from the application of pay policies over time. The anomalies arose from a combination of factors including anniversary date, promotion, the application of merit increases, market adjustments and various individual decisions regarding pay. The change in policy regarding promotion from POII to POIII was one of the decisions that contributed to the anomalies.

We intend to take steps to ensure that pay practices are as uniform as possible across the entire City organization and that the practices that have created such anomalies are curtailed or, at a minimum, their potential to create anomalies recognized when decisions are made. In the meantime, however, we

feel compelled to ask Council for the resources to address one of the manifestations of the anomalies.

A principle that I consider important in pay programs is that an employee who is senior to another employee in the same position should not be paid less than the junior employee. This does not imply that the senior employee should be paid more (although many employees would like that to be the case), just not less. There are a number of instances in the Police Department where an individual of equal rank to another employee with less time in the same position has a lower hourly rate. We would like to correct this. Council's options are outlined below.

First, I must advise Council that you are under no obligation to correct the pay anomalies created by past actions if you do not agree with the principle stated above. Policy changes occur from time to time and it would be a challenge to always go back and make adjustments to create some notion of equity among employees. This is particularly true of the policy change with respect to promotion from POII to POIII. For example, I understand that prior to about 1981 the promotion resulted in a 10% pay increase. To try to address over twenty years of different policy guidance would be impossible. Employees are not promised that policies will never change, as we know they must to address changing situations.

Three options are suggested for Council's consideration:

1. Do nothing.
2. Fund the proposed pay adjustments on the attached spreadsheet effective January 1, 2002. This will cost approximately \$37,000 in the current fiscal year and \$74,000 in the next and subsequent years. (If you notice a difference in cost between the Chief's memo of December 11, 2001 and the spreadsheet, it is because the spreadsheet is a revised version.) Funds for the current year would have to come from the Reserve for Contingency account.
3. Fund the proposed adjustments effective July 1, 2002 at an annual cost of approximately \$74,000.

I recommend option #2 with the caveat that I would like to reexamine the assumptions underlying the ratings on the spreadsheet. I have a couple of unanswered questions. In any case, the cost would not be more than that indicated above.

If Council desires to address this issue, you should understand that there may be other groups of positions (such as in the Fire Department) where a more

senior employee has a lower rate of pay than a junior employee. If we discover such instances, equity would suggest that they be addressed in a similar matter.

Finally, the proposal outlined here will not satisfy everyone. Issues of compression of salaries within pay ranges and salaries compared to market averages are still important to some employees. Unfortunately, the "fix" to these issues is very expensive. We will continue, however, to strive to develop and maintain a pay system that is market competitive, internally equitable, and performance based.

If you have any questions prior to our discussion in work session, please do not hesitate to contact me.

CC: Col. Bennett
Margaret Schmitt

Attachments



The City of Lynchburg, Virginia

POLICE DEPARTMENT

MEMORANDUM

TO: MR. L. KIMBALL PAYNE, III, CITY MANAGER
FROM: COLONEL CHARLES W. BENNETT, JR., CHIEF OF POLICE
DATE: DECEMBER 11, 2001
RE: PAY EQUITY ISSUES

Charles W. Bennett, Jr.

In this brief overview I will try to outline the key points in the pay issues within the police department, which we have been reviewing. There are basically four issues which have been cited by our employees through their inquiries.

- The impact of a **new hiring practice**, which allows flexibility in hiring experienced often already certified officers
- **Compression** within the pay ranges
- The impact of 10% increases now given for **promotion to Police Officer III**, which previously had carried only a 5% pay increase
- **Anomalies** in pay, resulting from applications of city pay policies

New Hiring Practices

For the past two years we have sought to be competitive in hiring experienced, State-certified police officers into the LPD. By awarding up to \$600 per year for law enforcement experience up to a maximum of 10 years we have been able to recruit and hire more experienced officers. This means that a new officer here may make more than one who has been with the department longer. Our application of this practice does not, however, allow anyone entering the department to be paid more than a current officer with equal or greater experience. We do not see this as a problem, but a benefit to the department. No changes in this practice are anticipated and, therefore, no additional funds are required.

Compression

Many city employees no doubt see compression in pay as problematic. This comes from having previously worked in a step progression system where longevity was the ruling factor. We recognize that compression is a reality of our current pay structure, and have and will continue to explain the workings of this system. We do not request any funding for this issue.

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cc: Margaret Schmitt 12 13-01

Mr. L. Kimball Payne, III

December 11, 2001

Page -2-

P.O. III Promotional Increases

For the past two years, since the establishment of separate pay ranges for public safety, those persons promoted to the rank of Police Officer III have been granted a 10% pay increase. We believe that this is appropriate given the competitive process for the position and the increased level of responsibility. This has, however, brought to our attention a need to address the department-wide impact of this decision. A number of officers in the department who were promoted to P. O. III prior to 2000 are now paid less than their now recently promoted counterparts. We believe that the senior P. O. III's should be paid at least the same as those junior to them in service. The cost to address this issue is \$37,420.62, which will recur as salary expense.

Pay Anomalies

The issue of pay anomalies is confusing and it is **often difficult** to pinpoint the specific causes for them. We reasoned that an officer of equal rank should be paid at least the same as one with equal service time. For those in ranking position, we factored in both time in grade (rank) plus years of service to equate individuals level of service. Our review identified a significant number of anomalies, many of which can be linked to past changes in merit raise dates, mid-year promotions or other pay policy applications. To address the identified disparities, the associated cost is \$44,575.50. How?

Projected Cost

Through our work with the Human Resources Department, we have been able to identify with their assistance those cases which we feel warrant consideration and adjustment of salary. These requests are listed in the attached charting and total \$81,966.12, an amount which would recur in personal services expenditures.

We believe this request to be consistent with the policy of equity increases as outlined in the policy of July 9, 2001 and request your review of these matters. Should you so desire, members of my staff and the Human Resources Department would be glad to meet and discuss this matter.

Attachments